

## Refuse and Sanitary Waste Removal Companies

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**BACKGROUND:** The Department issued **Policy Statement 94(6)**, *Refuse Removal Companies*, on November 29, 1994, to clarify its policies with regard to the imposition of sales and use taxes on purchases and sales by refuse removal companies.

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**PURPOSE:** This Policy Statement clarifies that the provisions of **Policy Statement 94(6)** about the taxability of dumping fees for refuse removal services also apply to pumping fees, dump permit fees, and discharge fees for sanitary waste removal services.

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**EFFECTIVE DATE:** Effective upon issuance and applicable to all open tax periods. All sanitary waste removal companies must be in full compliance with this Policy Statement by January 1, 2000.

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**STATUTORY AND REGULATORY AUTHORITY:** Conn. Gen. Stat. §12-407(2)(i)(I) and Conn. Agencies Regs. §12-407(2)(i)(I)-1.

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### **TAXABILITY OF CHARGES OF REFUSE AND SANITARY WASTE REMOVAL COMPANIES:**

The following services are taxable under Conn. Gen. Stat. §12-407(2)(i)(I) when rendered to existing industrial, commercial or income-producing real property:

- Refuse removal services, including carting, hauling, and disposal; and
- Sanitary waste removal services, including septic system cleaning, clearing septic tank lines, pumping cesspools, pumping dry wells, and pumping septic tanks.

Also see Conn. Agencies Regs. §12-407(2)(i)(I)-1(g). Refuse removal services and sanitary waste removal services rendered to residential real property or connected with the construction of new industrial, commercial or income-producing real property are not taxable.

**DUMP AND TRANSFER STATION FEES:** Dump and transfer station fees and permit fees, whether charged by a municipal or privately-owned dump or transfer station and whether charged to refuse removal companies or to property owners who bring their own trash to the dump or transfer station, are not subject to tax. Likewise, pumping fees, dump permit fees, and discharge fees charged to sanitary waste removal companies or to property owners for sanitary waste removal are not subject to tax when charged by the dump or transfer station.

**Fees passed on to customers by service providers.** However, when such fees are passed on to customers of refuse removal companies or sanitary waste removal companies, they may *not* be excluded from charges for taxable refuse removal or sanitary waste removal services. The fees are part of the cost of doing business of the refuse removal or sanitary waste removal company.

If a privately-owned dump and a refuse removal business are operated by the same company, its charges for accepting refuse at its dump from persons who are not customers of its refuse removal services are not taxable. However, if the company includes its own dump fees in the charges for its refuse removal services, the total fee is taxable as refuse removal services even if the dump fee is separately stated or separately invoiced.

**Rules for condominiums.** Refuse removal services and sanitary waste removal services rendered to condominium complexes that are not entirely owner-occupied are taxable in the same proportion that the number of non-owner-occupied units bears to the number of owner-occupied units (see Conn. Agencies Regs. §12-407(2)(i)(I)-1(f)). The percentage of non-owner-occupied units is established by using **CERT-103**, *Residential Condominium Association Certificate*.

**CERTAIN REFUSE REMOVAL SERVICES NOT TAXABLE:** Services rendered in the voluntary evaluation, prevention, treatment, containment or removal of “hazardous waste,” as defined in Conn. Gen. Stat. §22a-115, or other contaminants of air, water or soil are excluded from tax under Conn. Gen. Stat. §12-407(2)(i)(I). Charges for refuse removal services rendered for such activities are usually not taxable. See **Special Notice 95(17)**, *Certain Environmental Services Excluded from Sales and Use Taxes*, for details.

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**TAXABILITY OF CHARGES FOR PROPERTY PROVIDED BY REFUSE REMOVAL COMPANIES:** Refuse removal companies purchase dumpsters or other containers to use them in rendering their services. Because refuse removal companies are not in the business of reselling dumpsters or other refuse containers, they must pay tax on their purchases of the containers and may not purchase the containers on a resale basis.

Even if refuse removal companies designate some fees as being for the sale, rental or use of dumpsters or other containers they provide to customers, these fees are taxable as refuse removal services. They are not charges for tangible personal property.

However, because compactor units generally require permanent installation at a customer’s premises, charges for such units by a refuse removal company are taxable as the lease or rental of tangible personal property under Conn. Gen. Stat. §12-407(2)(j). The refuse removal company may purchase the units without tax on a resale basis.

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**REFUSE AND SANITARY WASTE REMOVAL SERVICES FOR CONTRACTORS WORKING ON EXEMPT PROJECTS:** Refuse removal or sanitary waste removal services performed for a contractor working on a project for an exempt entity, such as a governmental agency or an organization described in Section 501(c)(3) of the Internal Revenue Code, may be purchased on a resale basis by the contractor if:

- The refuse or sanitary waste removal services will become an integral, inseparable component part of the services being performed by the contractor for the exempt entity (and the contractor’s job would be taxable if provided to a non-exempt entity); or

- The contractor will separately bill the exempt entity for the services as refuse removal or sanitary waste removal services.

When the contractor sells its services to the exempt entity the sale of the services is not taxable.

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**EFFECT ON OTHER DOCUMENTS:** This Policy Statement supersedes **Policy Statement 94(6)**, *Refuse Removal Companies*.

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**EFFECT OF THIS DOCUMENT:** A Policy Statement is a document that explains in depth a current Department policy or practice affecting the liability of taxpayers. Unlike a Ruling, a Policy Statement does not apply a policy or practice to a specific set of facts but it may be referred to for general guidance by taxpayers. Unlike a Special Notice, it does not announce a new policy or practice in response to changes in state or federal laws on regulations or to judicial decisions.

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**FOR FURTHER INFORMATION:** Please call the Department of Revenue Services during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free within Connecticut), or
- **860-297-5962** (from anywhere).

**TTY, TDD and Text Telephone users only** may transmit inquiries 24 hours a day by calling 860-297-4911.

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**FORMS AND PUBLICATIONS:** Forms and publications are available all day, seven days a week:

- **Internet:** preview and download forms and publications from the DRS Web site: [www.state.ct.us/drs](http://www.state.ct.us/drs)
- **DRS TAX-FAX:** call **860-297-5698** from the handset attached to your fax machine and select from the menu
- **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (toll-free within Connecticut), and select **Option 2** from a touch-tone phone.